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C O N F I D E N T I A L SECTION 01 OF 03 CANBERRA 000322

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TAGS: [PREL](#) [AORC](#) [PARM](#) [AS](#) [IAEA](#)

SUBJECT: NPT ENVOY AMBASSADOR SANDERS HEARS AUSTRALIAN
IDEAS TO PREVENT A THIRD TERM FOR IAEA DG ELBARADEI

REF: A. STATE 18228

- [B](#). 04 STATE 264699 (NOTAL)
- [C](#). 04 CANBERRA 2356 (NOTAL)

Classified By: POLCOUNS WOO LEE FOR REASONS 1.4 (B AND D).

[1](#)1. (C/NF) SUMMARY: In a February 9 lunch with Australian officials, Ambassador Jackie Sanders, Special Representative of the President for the Nonproliferation of Nuclear Weapons, discussed mainly IAEA matters, hearing Canberra's views on the prospects of a third term for IAEA DG ElBaradei and ideas to convince the Iranian leadership that its pursuit of uranium enrichment was economically counterproductive. Australian officials did not believe that the necessary 12 votes against ElBaradei could be found at the IAEA Board of Governors (BOG) to deny him a third term, but that did not stop them from speculating on ways to try to prevent his re-election. Separately, Australian Safeguards and Nonproliferation Office (ASNO) Director General John Carlson (protect throughout) passed us his informal and uncleared thoughts on the damage done to the NonProliferation Treaty (NPT) and IAEA by the behavior of both the Iranian Government and DG ElBaradei. Ambassador Sanders' consultations on the NPT Review Conference (RevCon) reported septel. End Summary.

[1](#)2. (C) Ambassador Jackie Sanders, Special Representative of the President for the Nonproliferation of Nuclear Weapons, had lunch with Department of Foreign Affairs and Trade (DFAT) Arms Control Office Director David Mason and Australian Safeguards and Nonproliferation Office (ASNO) Director General John Carlson upon arrival in Canberra on February 9. Saving their discussion of preparations for the 2005 NPT RevCon (ref A) for the more formal discussions on February 10, Mason, Carlson, Sanders and her delegation focused on IAEA issues, primarily IAEA DG Mohamed ElBaradei's intention to seek a third term and related issues of Iran's non-compliance with its IAEA safeguards. Carlson stated that Australia strongly supported the two-term rule for UN leadership, but in the absence of a contender for ElBaradei's job, there was a "chicken and egg" problem. Many states did not support him and would therefore support a challenger if one came forward, but unless the incumbent left the stage, no challenger would come forward. Consequently, states were left with little choice but to vote for the incumbent. Carlson commented that ElBaradei was a very bad manager and morale throughout the IAEA staff was "appalling." Although he acknowledged that the personnel in the DG's office were very loyal to him, Carlson claimed no one below them was. He related that both Deputy DG Pierre Goldschmidt and Technical Safeguards specialist Ollie Heinonen had complained to him about ElBaradei's poor management practices. He said relying on the two-term rule would not be enough to end ElBaradei's candidacy and he suggested "dredging up" the DG's failed Technical Cooperation projects to help build support against him. Carlson did not think there were 12 "nay" votes out there among the Board of Governors (BOG) member states -- the number required to deny ElBaradei a third term. It would take a candidate from a G-77 country coming forward in order to divide that group.

[1](#)3. (C) Carlson told Sanders that an Australian candidate would not be viable as a challenger to ElBaradei. OSD NP Policy Officer Jake Mentz asked if that would still be the case if an Australian official were to be "drafted." Carlson replied that that could work only if ElBaradei had already withdrawn his nomination. Carlson's personal opinion was that FM Downer had never been a "serious candidate" to replace ElBaradei, and Downer would have been even less inclined to pursue the IAEA DG job after the Howard Government's convincing re-election in October 2004. Mason pointed out that, of the 35 members of the BOG, 18 came from GRULAC, African or NAM countries, all of which had already endorsed ElBaradei for a third term, so the numbers did not appear to be there. Sanders responded that there had been a time in the past when the numbers of ElBaradei non-supporters were there, and the issue was not over yet. Carlson observed that in a secret ballot, anything could happen. It might be useful to put the word out in Vienna that ElBaradei could fail. He thought several countries had doubts about some of

ElBaradei's recent multilateral initiatives that were seen as self-serving.

14. (C) Regarding ElBaradei's role in Iran's violations of its Safeguards agreement, Carlson asserted that Iran was perverting and misinterpreting NPT Article IV as a "right" to nuclear technology, yet ElBaradei's lengthy moratorium idea while new guidelines on peaceful nuclear technology transfers were being worked out was not practical. Even Australia had interests in preserving the option to enrich uranium, in contrast to the separate moratorium idea proposed by the U.S. Although Australia was interested in limiting research projects in some manner, Carlson saw problems with definitions such as limiting research in "regions of tension." That could mean that Japan would not have the right to nuclear research if NorthEast Asia were declared such a region.

15. (C) Asked about U.S. efforts to curb nuclear technology transfers in the G-8 context, Sanders noted the good news that more countries were recognizing there was a problem with Article IV that needed to be addressed. ElBaradei recognized it too. Carlson mentioned that he had sat in on GOI lead nuclear negotiator Rohani's "bombastic" meeting with FM Downer in August 2004, during which Downer had "pulled no punches." Carlson thought it a "fairly basic rule" that a country had to be in good standing with respect to its NPT Article II and III obligations before being allowed peaceful technology transfers under Article IV. Since Iran was in clear violation of Articles II and III, how could it claim benefits under Article IV? He suggested one argument that might make headway to push the Iranian leadership away from enrichment could be by demonstrating how much it was costing them economically, both by the diversion of scarce resources to the enrichment program and in lost trade and trust.

16. (C/NF) The next day, ASNO DG Carlson (protect) passed to us for informal USG consideration a document he had written, but had not yet cleared through his interagency, which laid out a legalistic case that could be made against both Iran and IAEA DG ElBaradei. (NOTE: Carlson's background is an international lawyer. He is the chair of SAGSI (I forget what the acronym stands for), the technical safeguards review body at the IAEA. FM Downer also nominated him a year ago as the potential replacement for DDG Goldschmidt, although both Downer and Carlson fully understand that there is little chance that ElBaradei, should he stay on for a third term, would select Carlson as his Deputy. End Note.)

BEGIN TEXT OF INFORMAL CARLSON DOCUMENT

17. (C/NF) IRAN - THE CASE AGAINST ELBARADEI

-- Legitimacy is important to the Iranian regime. The regime constantly emphasises Iran's "legal right" to pursue uranium enrichment. Loss of legitimacy would be a serious blow - it would undermine Iran's international support, and make the Iranian public aware that the regime is breaking international law.

-- It is beyond any argument that Iran is in non-compliance with its safeguards agreement - and with the NPT. A non-compliance finding by the IAEA Board would strip Iran of legitimacy. This is why Iran has fought so hard against such a finding - although the Iranians say they "do not care" if the case is referred to the Security Council, their efforts to avoid this indicate otherwise.

-- The IAEA Statute requires the DG to transmit the Board any non-compliance report from the IAEA's inspectors. This implies a judgment from the inspectors and/or the DG that the behavior concerned constitutes non-compliance.

-- The Iranian situation was complicated by the requirement in the IAEA Statute for non-compliance to be reported to the Security Council, and the belief by some that if that happened Iran would cease cooperation with the IAEA, or even leave the NPT. Hence the opportunity was presented for the Iranians to introduce plea-bargaining - until now an alien concept in IAEA practice.

-- A number of parties - including ElBaradei as well as the EU3 - share the view that referring Iran to the Security Council would achieve nothing, because of the prospect of an impasse amongst the P5, and therefore that negotiations with Iran should be attempted outside the Security Council. Unhelpfully, ElBaradei himself sought to insert himself into the negotiation process, attempting to broker a deal with the Iranians (at the same time, the IAEA's website was touting ElBaradei's merits for the Nobel Peace Prize).

-- The EU3 and ElBaradei approach runs counter to the IAEA's role as set out in the Statute - if the IAEA comes across a matter that is within the Security Council's

responsibilities, the matter is to be referred to the Council. That might result in a negotiating process outside the Council, as in the case of the DPRK, but this is for the Council, not the IAEA, to manage.

-- If ElBaradei had shown leadership on the non-compliance issue by expressing the judgment that Iran's conduct was non-compliance, the Board would have found it very hard to find otherwise. Instead, ElBaradei took the view this is a "political" decision, to be made by the Board. The effect was to turn a largely technical issue into a political one, politicizing the Board. This played nicely into the hands of Iran which had encouraged the formation of a NAM chapter in Vienna, to present a "NAM position" in the Board.

-- ElBaradei's reports to the Board appear to have been composed with the object of stalling a non-compliance finding. As well as avoiding the "N"-word, there were extraordinary statements like "there is no evidence that the ... undeclared nuclear material and activities ... were related to a nuclear weapons programme", confusing the question of the standard of proof for a non-compliance finding.

-- Iran's success in avoiding a non-compliance finding has emboldened it to press on with the nuclear program. It seems likely the situation will end in confrontation through the Iranians' failure to understand the strength of opposition to Iran becoming a nuclear power. Meanwhile, the handling of the non-compliance issue has seriously damaged the integrity and credibility of the IAEA's processes. A change is needed in the IAEA leadership, to return the Agency to its technical function.

END TEXT.

18. (U) Renick Smith, Special Advisor to Ambassador Sanders, Dr. Elizabeth Murphy from the Office of Multilateral Nuclear Affairs, Special Assistant for Nuclear Nonproliferation Policy John Mentz from the Office of the Secretary of Defense, and Polmiloff accompanied Ambassador Sanders to the lunch.

19. (U) Ambassador Sanders and the delegation have cleared this cable.
SCHIEFFER